RIVERS & LANDS CONSERVANCY AND SUBSIDIARY

Consolidated Financial Statements
With
Independent Auditor's Report

For the Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rivers & Lands Conservancy and Subsidiary
Riverside, California

We have audited the accompanying consolidated financial statements of Rivers & Lands Conservancy and Subsidiary (the Conservancy) (a California nonprofit corporation) which comprise the consolidated statement of financial position as of March 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Conservancy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rivers & Lands Conservancy and Subsidiary as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, Changes to Adopt New Requirements of Statement of Financial Accounting Standards, the Conservancy adopted ASU No. 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit (NFP) Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows.

Prior Period Adjustments

As discussed in Note 14 to the consolidated financial statements, the net assets – beginning of the year is being restated for errors noted in the prior year consolidated financial statements. Our opinion is not modified with respect to this matter.

Christenson Orejel Associates, LLP

Riverside, California
September 11, 2020

Christenson Orejel Associates, LLP
Certified Public Accountants

RIVERS & LANDS CONSERVANCY AND SUBSIDIARY

Consolidated Statement of Financial Position

March 31, 2019

ASSETS	
Current assets	
Cash and cash equivalents	$ 357,946
Receivables	267,394
Other current assets	15,664
Total current assets	641,004
Property and equipment, net	124,596
Other assets	
Beneficial interest in assets held by others	22,055
Investments	10,695,915
Lands restricted for conservation	10,088,471
Total other assets	20,806,441
Total assets	$21,572,041
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 36,269
Accrued expenses	34,626
Deferred revenue	287,304
Total current liabilities	358,199
Net assets	
Without donor restrictions	630,658
With donor restrictions	20,583,184
Total net assets	21,213,842
Total liabilities and net assets	$21,572,041

The accompany notes are an integral part of these consolidated financial statements.

RIVERS & LANDS CONSERVANCY AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	$ 143,345	$ 1,792,181	$ 1,935,526
Service fees	297,434		297,434
Investment income, net of fees	34,276	249,625	283,901
Change in value of beneficial interest in assets held by others		(565)	(565)
Other income	28,024	5,910	33,934
Net assets released from restrictions due to satisfaction of purpose restriction	1,355,714	(1,355,714)	
Total revenue, support and reclassifications	1,858,793	691,437	2,550,230
Expenses			
Program	1,466,801		1,466,801
General administration	211,822		211,822
Development	132,621		132,621
Total expenses	1,811,244		1,811,244
Increase in net assets	47,549	691,437	738,986
Net assets – beginning of year, as previously reported	566,599	20,101,077	20,667,676
Prior period adjustments	16,510	(209,330)	(192,820)
Net assets – beginning of year, as restated	583,109	19,891,747	20,474,856
Net assets – end of year	$ 630,658	$20,583,184	$21,213,842

The accompany notes are an integral part of these consolidated financial statements.

RIVERS & LANDS CONSERVANCY AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended March 31, 2019

	Program			
	Land Acquisition	**Outreach Education**	**Land Stewardship**	**Total Program Services**
Salaries and wages	$ 56,397	$53,409	$114,236	$ 224,042
Payroll taxes	4,511	4,273	8,874	17,658
Employee benefits	7,037	6,665	13,841	27,543
Maintenance and repairs	39	268	5,714	6,021
Stewardship contractor		4,346	50,068	54,414
Legal fees	70,910		26,589	97,499
Consulting fees	45,542		6,000	51,542
Appraisal fees	3,500		5,250	8,750
Accounting				
Office supplies	4	23	352	379
Property tax	6,688		6,180	12,868
Utilities	1,461	1,383	2,959	5,803
Conferences and training		250	3,281	3,531
Travel	1,031	789	3,896	5,716
Rent and overhead	2,182	2,067	4,421	8,670
Office overhead	802	764	1,711	3,277
IT communication and website	996	943	2,266	4,205
Insurance	765		2,939	3,704
Education and community relations		7,014	3,224	10,238
Member and outreach events				
Memberships and sponsorships	907	909	1,837	3,653
Land acquisition expense	150		225	375
El Casco LLC management expense			948	948
Contributions	900,936			900,936
State filing fees			775	775
Water expenses			1,610	1,610
Bank fees			150	150
Depreciation			10,054	10,054
Bad debt			2,440	2,440
Total expenses	$1,103,858	$83,103	$279,840	$1,466,801

The accompany notes are an integral part of these consolidated financial statements.

General Administration	Development	Total
$112,442	$ 91,190	$ 427,674
8,996	7,295	33,949
14,030	11,379	52,952
1,447	520	7,988
		54,414
(125)		97,374
19,351	1,548	72,441
		8,750
16,200		16,200
4,433	419	5,231
445		13,313
2,912	2,362	11,077
1,764		5,295
(68)	213	5,861
4,351	3,529	16,550
1,598	1,475	6,350
1,985	1,609	7,799
17,983		21,687
1,825	6,971	19,034
	2,285	2,285
1,808	1,826	7,287
285		660
		948
		900,936
160		935
		1,610
		150
		10,054
		2,440
$211,822	$132,621	$1,811,244

RIVERS & LANDS CONSERVANCY AND SUBSIDIARY

Consolidated Statement of Cash Flows

For the Year Ended March 31, 2019

Cash flows from operating activities	
Increase in net assets	$ 738,986
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	10,054
Net realized and unrealized gain on investments	(43,088)
Change in value of beneficial interest held by others	565
Contributions restricted for investment in endowment	(1,314,806)
Interest and dividends restricted for investment in endowment	(89,133)
Purchases of land for conservation	(240,084)
Donation of land for conservation	607,603
Noncash contributions of property and equipment	(27,799)
Increase in:	
Receivables	(267,394)
Prepaid expenses	(2,125)
Increase in:	
Accounts payable	20,098
Accrued expenses	7,266
Deferred revenue	94,484
Net cash used in operating activities	(505,373)
Cash flows from investing activities	
Proceeds from sale of investments	4,626,666
Purchases of investments	(5,377,171)
Purchases of property and equipment	(42,853)
Net cash used in investing activities	(793,358)
Cash flows from financing activities	
Contributions restricted for investment in endowment	1,314,806
Interest and dividends restricted for investment in endowment	89,133
Net cash provided by financing activities	1,403,939
Net increase in cash and cash equivalents	105,208
Cash and cash equivalents, beginning of year	252,738
Cash and cash equivalents, end of year	$ 357,946
Supplemental Disclosure	
Taxes paid	$800

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

Rivers & Lands Conservancy (Conservancy) is dedicated to the preservation of open space by seeking to identify, protect, and manage habitats of rare and endangered species, natural land, and other sensitive sites throughout the Southern California Region. The Conservancy receives support from contributions from individuals, businesses, and government grants. Service fees are received to facilitate the protection and stewardship of lands set aside as mitigation for developments.

2. Summary of Significant Accounting Policies

A description of the significant accounting principles employed in the preparation of these financial statements follows:

Consolidation

The consolidated financial statements include the accounts of Rivers & Lands Conservancy and its wholly-owned subsidiary, El Casco LLC. All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Conservancy have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During the year ended March 31, 2019, the Conservancy adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Conservancy's liquidity, financial performance, and cash flows.

Financial Statement Presentation

The Conservancy reports information regarding its financial position and activities according to two classes of net assets that are based on the existence or absence of restrictions on use that are placed by its donors:

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Conservancy, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

2. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Conservancy's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet received.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Conservancy has cash in one financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Conservancy also maintains money market type funds that are SIPC insured up to $250,000. At various times throughout the year, the Conservancy may have cash balances at these financial institutions which exceed the FDIC or SIPC insurance limits. Management reviews the financial condition of these financial institutions on a periodic basis and does not believe this concentration of cash results in a high level of risk for the Conservancy.

Receivables

Receivables include contributions and amounts due for service fees which the Conservancy has an unconditional right to receive. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Conservancy provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the Conservancy to collect the unpaid balances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Conservancy's policy to charge off uncollectible receivables when management determines the receivables will not be collected. Since all receivables are deemed collectible, the Conservancy did not record an allowance for doubtful accounts at March 31, 2019.

Property and Equipment

The Conservancy capitalizes acquisitions of land, buildings, leasehold improvements and equipment of $5,000 and greater. The fair market value of donated assets is similarly capitalized. Expenditures for maintenance and repairs are expensed when incurred. Depreciation is provided on the straight-line method over the assets' estimated useful lives.

Endowment Fund

In accordance with FASB standards, the Conservancy has determined it is subject to the Uniform Prudent Management of Institutional Funds Act of 2006, which requires the Conservancy to classify a portion of a donor-restricted endowment fund of perpetual duration as net assets with donor restrictions, unless stated otherwise in the gift instrument by the donor. Earnings from these gift instruments are considered net assets with donor restrictions until appropriated for expenditure by the Conservancy. The Conservancy's endowment includes both donor-restricted endowment and funds designated by the board of directors to function as endowments.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the statement of financial position.

Endowment Investment and Spending Policies

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a forecasted stream of funding to programs supported by its endowment while seeking to maintain the corpus of the endowment funds. The Conservancy's spending and investment policies work together to achieve this objective. The current long-term return objective is to return 5% net of investment fees. Actual returns in any given year may vary from this amount. The expected return utilizes reasonable investment assumptions; however, a different set of assumptions could also be considered reasonable and result in varying expectations.

To satisfy its long-term rate-of-return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy on the endowments is to spend money as needed for stewardship and property management, without invading the corpus of the endowment. The amount of expenses can vary from year to year, depending on the requirements of the property and/or easement. During some years there will be no expenses paid out of the endowment funds. In cases of market decline of investment values, the Conservancy will allocate such losses to the endowments, possibly causing the value of the endowment to be underwater. In such instances, the Conservancy will make every effort to ensure that future market increases are allocated to the endowments to restore their original amounts and will at no time spend from an underwater fund.

Earnings on corpus are maintained in the same investment account as the corpus. As expenses are incurred, funds are transferred from the endowment investment account to cash to pay expenses.

Lands and Conservation Easements Held for Conservation

Lands held for conservation consists of land acquired by the Conservancy through purchase or donation and is stated at cost or the estimated fair market value of the land on the date of receipt. Easements acquired as mitigation are valued at zero due to the liability of associated stewardship requirements.

Income Taxes

The Conservancy qualifies as a not-for-profit tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and applicable provisions of the California Revenue and Taxation Code, Section 23701(d). The Conservancy is classified as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code. As a not-for-profit organization, the Conservancy is subject to federal and state taxes on any unrelated business taxable income. This includes unrelated business income tax on net water sales income. Since the Conservancy reported a net loss on water sales for the year ended March 31, 2019, no unrelated business income tax was due.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Service revenue and evaluation fees are recognized in the period in which the service is provided. Funds received in advance of providing these services are recorded as deferred income until the services are provided. Contributions are recognized when cash, or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met and the promises become unconditional or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

The Conservancy reports contributions and grants received as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses are charged directly to the functional area to which they relate including direct salaries and wages based on time records and management’s estimates. Indirect expenses that are allocated include payroll taxes, employee benefits, utilities, office rent and overhead, office overhead, and IT communications and website, which are allocated based on salaries and wages percentages.

Changes to Adopt New Requirements of Statement of Financial Accounting Standards

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit (NFP) Entities*, which changes the current guidance for net assets classification, investment return, underwater endowment funds, and deficiencies in information about liquidity and the availability of resources. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 requires NFPs to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires NFP entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires a NFP to disclose its interpretation of the ability to spend from underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets per the current rules. ASU 2016-14 requires NFP entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the statement of financial position date. The Conservancy has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending March 31, 2018.

2. Summary of Significant Accounting Policies (continued)

Changes to Adopt New Requirements of Statement of Financial Accounting Standards (continued)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of March 31, 2018 follows:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 566,599	
Temporarily restricted net assets	5,618,033	
Permanently restricted net assets	14,483,044	
Net assets without donor restrictions		$ 566,599
Net assets with donor restrictions		20,101,077
Total net assets	$20,667,676	$20,667,676

Prior period adjustments made to net assets after the adoption of ASU 2016-14 changes noted above are described in Note 14.

Future Accounting Pronouncements

In June 2020, the FASB issued ASU no. 2020-5, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities* which extended the effective dates for the Conservancy as indicated in the paragraphs which follow.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This standard requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. This guidance is effective for the Conservancy beginning April 1, 2020. Management is currently evaluating the impact this guidance may have on the Center's financial statements.

In February 2017, the FASB issued ASU No. 2017-02, *Leases (Topic 842).* ASU 2017-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2017-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. This guidance is effective for the Conservancy beginning April 1, 2022. Management is currently evaluating the impact this guidance may have on the Center's financial statements.

3. Liquidity and Availability of Funds

The Conservancy considers service fees, other income, contributions and grants and investments, net of bank fees without donor restrictions, and contributions and grants and investments, net of bank fees with donor restrictions for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditures. Annual operations are defined as total expense related to both program services and supporting services.

3. Liquidity and Availability of Funds (continued)

The following reflects the Conservancy's financial assets as of the statement of financial position date, reduced by any amounts not yet available for general use because of donor-imposed restrictions or board designations within one year of the statement of financial position date as of March 31, 2019:

Cash and cash equivalents	$415,264
Investments appropriated based on donor specified use	534,644
Service fees receivable	33,163
Financial assets available to meet cash needs for general expenditures within one year	$983,071

Cash and cash equivalents noted above include $137,438 held in investments without donor restriction or board designation. Although the Conservancy does not intend to spend from its board-designated funds other than as designated, these funds totaling $431,883 could be made available upon board approval for general expenditures. As part of the Conservancy's liquidity management, it has a policy to structure its financial assets and investments to be available as its general expenditures, and liabilities come due.

4. Receivables

Receivables are comprised of the following at March 31, 2019:

Contribution to endowment perpetual in duration	$163,922
Contribution to endowment nonperpetual in duration	70,309
Client service fees	33,163
Total receivables	$267,394

5. Property and Equipment

The following is a summary of property and equipment, net at March 31, 2019:

Truck	$ 42,852
Office equipment	5,659
Field equipment	27,799
Mobile home	54,550
El Casco well	27,631
	158,491
Less accumulated depreciation	33,895
Property and equipment, net	$124,596

6. Investments

Investments consisted of the following at March 31, 2019:

	Fair Value	Cost
Cash and cash equivalents	$ 345,966	$ 345,997
Government securities	1,516,266	1,492,465
Corporate bonds	1,276,597	1,273,754
Equities	4,573,444	4,113,194
Mutual funds	2,983,642	2,984,888
Total investments	$10,695,915	$10,210,298

The Conservancy's investments include funds held for endowments totaling $9,302,252 at March 31, 2019.

6. Investments (continued)

Return on investments consisted of the following for the year ended March 31, 2019:

Dividends and interest	$326,408
Net realized and unrealized gain	43,088
Investment fees	(85,595)
Investment income, net of fees	$283,901

7. Fair Value Measurements

Fair values of assets measured on a recurring basis are as follows at March 31, 2019:

	Total Fair Value	Level 1	Level 2
Beneficial interest in assets held by others	$ 22,055		$22,055
Investments	10,695,915	$10,695,915	
Total	$10,717,970	$10,695,915	$22,055

Level 1
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal to principal market);
3. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).

8. Assets Transferred to a Recipient Organization

The Conservancy transferred cash held for endowment to a fund held by the Inland Empire Community Foundation (Foundation). The Conservancy specified that the Foundation is to distribute the income and principal (as long as principal exceeds $10,000) to the Conservancy upon written request in March or September annually. The Foundation has authority to modify restrictions on distributions if such restrictions are not consistent with the needs of the original criteria. The Conservancy reported $22,055 as a beneficial interest in assets held by others in the statement of financial position at March 31, 2019.

9. Restrictions and Limitation on Net Asset Balances

The board designated net assets without donor restriction to be used for the following purposes at March 31, 2019:

Land revolving fund	$ 94,941
Reserve account	60,000
General stewardship	145,978
Legal defense fund	130,964
	$431,883

Net assets with donor restrictions are restricted for the following purposes at March 31, 2019:

Subject to expenditure for a specific purpose:	
El Casco LLC	$ 22,354
Santa Ana River Trail	38,358
Perris Valley Line	67,717
Cienega Canyon	24,943
Restricted Fund Holding Account	23,496
Land and Easement Management	434,647
Fish & Wildlife Service DSF	561,690
Agricultural	83,716
Mt. Rubidoux Stewardship, Education & Outreach	33,470
Land restricted for conservation available for transfer to another agency	1,969,821
	3,260,212
Perpetual in nature:	
Land restricted for conservation	8,118,650
Endowment funds, subject to endowment spending policy - stewardship	9,182,267
Beneficial interest in assets held by others	22,055
	17,322,972
Total net assets with donor restrictions	$20,583,184

10. Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by donors are as follows for the year ended March 31, 2019:

Satisfaction of specified purpose:	
Santa Ana River Trail	$ 29,529
Perris Valley Line	619,891
Cienega Canyon	7,557
Restricted Fund Holding Account	73,661
Land and Easement Management	110,786
Fish & Wildlife Service DSF	15,970
Agricultural	1,063
Stewardship	129,557
Land transfer to another agency	367,700
Total net assets released from restrictions	$1,355,714

11. Endowment Fund

Endowment net assets consisted of the following at March 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, perpetual in duration – original gift amount	$ -	$7,922,255	$7,922,255
Donor-restricted endowment funds – nonperpetual	6,965	1,260,012	1,266,977
Board-designated endowment funds	276,942		276,942
Total endowment net assets	$283,907	$9,182,267	$9,466,174

Changes in the endowment net assets for the year ended March 31, 2019 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$327,020	$7,612,508	$7,939,528
Investment income, net of fees	8,276	222,918	231,194
Contributions	11,897	1,478,728	1,490,625
Appropriation of endowment assets for expenditure	(63,286)	(131,887)	(195,173)
Endowment net assets, end of year	$283,907	$9,182,267	$9,466,174

12. Related Party Transactions

Office space was provided to the Conservancy by a board member. During the year ended March 31, 2019, the estimated fair market value of the donated rent included in grants and contributions was $12,000.

13. Retirement Plan

The Conservancy established a SIMPLE IRA plan effective October 1, 2008 for all employees who work at least 30 hours a week. The Conservancy agrees to match employees' contributions up to a limit of 3% of compensation for the year. For the year ended March 31, 2019, the Conservancy's expense for matching contributions to the plan totaled $13,654.

14. Prior Period Adjustments

Total net assets at the beginning of the year was decreased by $192,820 to correct an error in reporting evaluation mitigation receipts unspent at March 31, 2018 as net assets with donor restrictions. Unspent evaluation mitigation receipts should have been reported as deferred revenue. The Conservancy also reclassified $16,510 from net assets with donor restrictions to net assets without donor restrictions at March 31, 2018 due to an error related to the total evaluation mitigation balance.

15. Risks and Uncertainties

The Conservancy invests in funds with underlying assets consisting of any combination of stocks, bonds, fixed income securities and other investment securities. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

15. Risks and Uncertainties (continued)

On March 11, 2020, the World Health Organization characterized Coronavirus Disease 2019 (COVID-19) as a pandemic. As a result of COVID-19, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect the Conservancy's account balances and the amounts reported in the consolidated statement of financial position and consolidated statement of activity, as mentioned above. Because of the uncertainty of the markets during this time, Conservancy management is unable to estimate the total impact the pandemic will have.

16. Subsequent Events

Management has evaluated events occurring between March 31, 2019 and September 11, 2020, the date the financial statements were available to be issued for the possible effects on these financial statements.

Subsequent to year-end, the Conservancy has been negatively impacted by the effects of the worldwide COVID-19 pandemic. The Conservancy is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Conservancy's financial position is not known.